

## Message Text

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64

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 COME-00 EB-11 LAB-06 SIL-01 AGR-20

DRC-01 /157 W

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R 171245Z MAY 74

FM AMCONSUL LOURENCO MARQUES

TO SECSTATE WASHDC 2541

INFO AMEMBASSY LISBON

AMCONSUL LUANDA

AMEMBASSY PRETORIA

AMCONSUL JOHANNESBURG

AMEMBASSY BLANTYRE

AMEMBASSY LUSAKA

AMEMBASSY DAR ES SALAAM

AMEMBASSY MBABANE

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E.O. 11652: N/A

TAGS: ELAB, PINT, ECON, MZ

SUBJECT: LABOR UNREST SPREADS

REF: LOURENCO MARQUES 331 AND 339

1. DURING PAST WEEK, LABOR ACTIVITY IN MOZAMBIQUE HAS BEEN FRENETIC. NEWSPAPERS ARE FULL OF LABOR DEMANDS, MANIFESTOS, AND ACCOUNTS OF STRIKES, WHICH APPEAR TO HAVE SPREAD FROM SUCH MAIN URBAN CENTERS AS BEIRA AND LOURENCO MARQUES TO CITIES IN INTERIOR. AMONG SECTORS AFFECTED ARE: TRANSPORTATION (PORTS, RAILROADS, AIRLINES, BUS COMPANIES, SHIPPING), CIVIL SERVICE (BOTH AT MUNICIPAL AND STATE LEVEL), ELECTRIC POWER AND GAS UTILITIES; COMMERCE, MANUFACTURING (TEXTILES, ELECTRICAL SUPPLIES), AND NEWS MEDIA ITSELF (ONE-DAY STRIKE

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AGAINSTNEWSPAPER DIARIO). GENERAL CONSENSUS APPEAR TO BE

THAT WAGE INCREASES LONG OVERDUE AND THAT FIRMS ARE EITHER MAKING ENOUGH PROFITS TO ABSORB HIGHER LABOR COSTS OR CAN PASS THEM ON TO CONSUMER BY INCREASING PRICES. INITIATIVE TAKEN BY INDUSTRIAL AND COMMERCIAL ASSOCIATIONS OF BEIRA IN RECOMMENDING HEFTY INCREASES IN MINIMUM WAGE (PLUS 80 PERCENT) LENDS CREDENCE TO THIS VIEW. IN CASE OF TRANSPORTATION, MANY BELIEVE MUCH OF EXTRA COSTS MAY BE BORNE BY SOUTH AFRICA, RHODESIA, AND MALAWI USING MOZAMBIQUE TRANSPORTATION FACILITIES.

2. EXAMPLES OF RECENT SALARY GAINS ACHIEVED EITHER THROUGH STRIKES OR THREAT OF STRIKES: 100 PERCENT FOR TEXTILE WORKERS OF SOALPA, EMMA, AND TEXTAFRICA IN VILA PERY; 50 PERCENT FOR WORKERS OF POWER COMPANY SONEFE AND CANDY FACTORY LUSITANIA, BOTH IN LOURENCO MARQUES; 40 PERCENT FOR WORKERS OF MUNICIPA ELECTRICITY AND GAS COMPANY SMAE IN QUELIMANE; AND 100 PERCENT FOR CITY HALL WORKERS IN BEIRA. STILL UNSETTLED ARE STRIKES AGAINST: CASHEW FACTORIES MOCITA (SOUTH AFRICAN-OWNED) IN JOAO BELO AND TWO OTHERS (UNNAMED) IN NAMPULA; AND ELECTRIC POWER COMPANY SHER IN VILA PERY.

3. COMMENT: GOVERNMENT OFFICIALS AND BUSINESSMEN ARE SERIOUSLY CONCERNED BY MUSHROOMING LABOR DEMANDS. MOZAMBIQUE'S ECONOMY APPEARS PARTICULARLY FRAGILE AT PRESENT MOMENT AND COULD GO INTO TAILSPIN IF BUSINESS CONFIDENCE DOES NOT RECUPERATE. NOTICIES

OF MAY 16 REPORTS CIVIL CONSTRUCTION ACTIVITY IN LOURENCO MARQUES HAS DECREASED 70 PERCENT SINCE APRIL 25 COUP, AGGRAVATING LABOR SITUATION OY THROWING MANY CONSTRUCTION WORKERS OUT OF WORK. INVESTORS APPEAR TO BE WAITING UNTIL SITUATION BECOMES CLEARER. IN MEANTIME, NEW PURCHASING POWER OF LABOR FORCE WILL PROBABLY ADD INFLATIONARY PRESSURES IN ECONOMY ALREADY SUFFERING FROM INSUFFICIENT AMOUNTS OF MANY BASIC STAPLES (E.G. NO RICE PRESENTLY AVAILABLE). VAN OSS

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## Message Attributes

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